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IN THE

Supreme Court of the United States

OCTOBER TERM, [redacted] 1958

No. [redacted] 83

HULBERT T. E. BEARDSLEY and
H. T. E. BEARDSLEY, INC.,

Petitioners,

v.

CONTINENTAL CASUALTY COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Your petitioners respectfully pray for a writ of certiorari to the United States Court of Appeals for the Second Circuit to review that part of its judgment entered on March 24, 1958 (order denying petition for rehearing entered April 10, 1958), which affirms the judgment of the United States District Court for the Southern District of New York enjoining petitioners from claiming copyright on certain surety forms comprising part of a printed pamphlet published with copyright notice by petitioners and dismissing petitioners' counterclaims for infringement and unfair competition.

Opinion Below

The opinion of the United States Court of Appeals is reported in 253 F. 2d 702. The opinion of the District Court (R 297a) is reported in 151 Fed. Supp. 28.

Jurisdiction of this Court

The judgment of the United States Court of Appeals is dated March 24, 1958 and was entered on the same day. Rehearing was denied by order dated April 10, 1958. The jurisdiction of this Court is invoked under 28 U.S.C. Sec. 1254 (1) and 17 U.S.C., Sec. 114.

Questions Presented

1. Does not the conclusion of the Court of Appeals that written forms in the fields of insurance and commerce should be subjected to a stiffer standard of infringement than is applicable to general writings deprive the author of his exclusive right to copy the copyrighted work and any of its component parts and of his remedies of injunction, damages and profits afforded by the Copyright Act to all authors?

2. Does not the Court of Appeals, which prior to this case consistently held that a copyright does not protect an idea but rather the language expressing the idea, improperly discriminate against authors of insurance or commercial forms by concluding that not only the idea but also the language expressing it in an insurance or commercial form should be denied protection unless the reproduction is a substantially exact duplication of the entire original form?

3. Is not the burden of proof, in indirect infringement cases involving the copying of a secondary work, of show-

ing that the secondary work was not copied from the original, upon the alleged copyist of the secondary work?

4. Was not there a "limited publication" by the act of the petitioners in distributing as samples to a selected number of a "limited group" of "prospective customers" an unspecified portion of one hundred stencilled copies of certain business forms bearing no copyright notice, even though there was no requirement for their return or restriction against showing the same to others?

(5) Does not the appropriation of an author's copyrighted published writings or his uncopyrighted unpublished writings, coupled with the act of representing the resulting product to be a product conceived and written by the latecomer, which together shut out the first author from a market for his product in certain geographical areas, constitute unfair competition even though there was no proof that the latecomer "was being helped by" the first author's "business reputation" and no proof of "palming off" the latecomer's product as that of the first author?

Statutes and Constitutional Provisions Involved

The Constitution of the United States, Article 1, Section 8, Clause 8:

> "The Congress shall have Power * * *. To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries:".

The Act of March 4, 1909, 35 Stat. L. pt. 1, pages 1075-1088 as codified and enacted into positive law by Act of July 30, 1947, 61 Stat. 652, 17 U. S. Code:

> "§ 1. Exclusive rights as to copyrighted works

Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:

(a) To print, reprint, publish, copy, and vend the copyrighted work;"

"§ 3. Protection of component parts of work copyrighted: composite works or periodicals

The copyright provided by this title shall protect all the copyrightable component parts of the work copyrighted, * * * "

"§ 4. All writings of author included

The works for which copyright may be secured under this title shall include all the writings of an author."

"§ 7. Copyright on compilations of works in public domain or of copyrighted works; subsisting copyrights not affected

Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title: * * *."

"§ 101. Infringement

If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable:

(a) *Injunction.*—To an injunction restraining such infringement;

(b) *Damages and profits: amount: other remedies.*— To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement. * * *"

Statement of the Case

Jurisdiction of United States District Court

This suit was instituted in the United States District Court by respondent, Continental Casualty Company on three causes of action. The basis for the District Court's jurisdiction under the first cause of action of respondent's complaint for a judgment declaring petitioners' copyright invalid or not infringed was the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201, 2202. The basis for its jurisdiction for the second cause of action for misuse of copyright was the Anti-Trust Laws of the United States, 15 U.S.C.A. 15. The basis for its jurisdiction for the third cause of action for unfair competition was diversity of citizenship and an amount in controversy exceeding $3,000, exclusive of interest and costs.

The basis for the District Court's jurisdiction of petitioners' first counterclaim for copyright infringement was the Copyright Law of the United States, Title 17 of the United States Code, Act of July 30, 1947, c. 391, 61 Stat. 652, and prior Copyright Laws of the United States and 28 U.S.C. § 1338. The basis for its jurisdiction of petitioners' second and third counterclaims for unfair competition, infringement of common law rights and breach of implied contracts was diversity of citizenship and an amount in controversy exceeding $3,000, exclusive of interest and costs and 28 U.S.C. § 1338.

Material Facts

Petitioner, Hulbert T. E. Beardsley, a surety bond broker for over fifty years, transacts a general insurance brokerage business through the corporate petitioner, H. T. E. Beardsley Inc., of which he is president and stockholder. He is the author and copyright owner of a six page pamphlet printed and published on or about September 30, 1939 with a 1939 copyright notice affixed, registered in his name in the Copyright Office and entitled "The Replacement of Lost Securities by The Beardsley Plan".* The final three pages of the pamphlet consisted of forms of a lost security blanket bond, an affidavit of loss and indemnity agreement and an assumption certificate. (The other three pages consisted of narrative and other matter which respondent conceded was validly copyrighted and which petitioners do not claim was infringed.)

The novel features of these writings include: (1) the fact that the surety company is not required to fix its liability by a specific sum on the bond filed by the surety with a corporation or transfer agent subscribing to the plan, the penalty being left open, limited by a maximum sum established for any specific claim; (2) there is no necessity for having each specific shareholder as principal

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*This copyright is the subject of respondent's complaint and petitioners' counterclaim for infringement and unfair competition. Also involved in petitioners' counterclaims (but not in respondent's complaint) is a four page pamphlet printed and published on March 23, 1950 with copyright notice affixed registered in Beardsley's name as author and entitled "Beardsley Plan for Indemnity Against Loss of Non-Negotiable Securities" covering securities lost during transmission by ordinary mail; also involved in the counterclaims but not in the complaint is an unpublished, uncopyrighted waiver of probate bond which Beardsley composed in 1941. Copies of these writings were used by respondent in drafting documents similar to them and respondent's employee would not deny that he copied large parts of one of these.

of the bond, since the surety assumes liability directly, fortified by the shareholder's promise of indemnification; (3) the bond is made prospective in its coverage, since the losses of stock, to which it applies, have not yet occurred when the bond is executed; and (4) the surety's liability is made contingent upon its filing with the corporation or transfer agent a certificate by which it assumes its obligation.

In short, the writings terminated the necessity of having new bonds executed for each stockholder who has lost his securities by affording a corporation a continuing option of indemnity on future lost certificate replacements without further board action; the stockholder was saved the necessity of securing numerous documents by a novel combination affidavit-acknowledgment form and a combination affidavit-agreement form in which the shareholder sets forth the facts as to his missing certificate, requests coverage by the surety company and contracts to indemnify the surety for losses within the limits stated. By arrangements with petitioners, these forms are now in use by most large corporations.

In 1947, eight years after petitioner's copyright was secured, respondent Continental Casualty Company decided to prepare similar forms. The employee who drafted them admits that he read and studied petitioner's pamphlet, which he found "fit this problem very well", that he was "aware of the copyright"; and that he discussed the matter with respondent's legal department "because of Mr. Beardsley's alleged copyright". The legal department gave him an opinion in which it "assumed" that the similar clauses in petitioner's and respondent's bonds were "traditional in the industry" and that ~~petitioner's~~ "bond" respondent's did not conflict wth petitioner's copyright, saying nothing about petitioner's forms of affidavit and assumption agreement. Respondent thereupon printed large quantities of

documents which contain large amounts of language substantially identical to the language of the operative portions of petitioner's documents.**

Respondent's answer to attempts by petitioners to obtain an explanation of respondent's acts and to arrange a confefence to adjust the controversy was the commencement of an action against petitioners in the Federal Court in New York for a declaratory judgment that petitioner's 1939 copyright was either invalid or was not infringed, and for damages for unfair competition and violation of the Anti-Trust Laws and for counsel fees. Petitioners counterclaimed for copyright infringement, unfair competition and other relief.

The District Court held that because petitioners' writings included insurance forms, they were not properly copyrightable, that, even if they were, the copyright had been lost, and further, that there was no infringement. The unfair competition claims of both parties and re-

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** In addition to testifying that respondent's forms were "not necessarily" copied from petitioners', the employee said that his draft affidavit was "not necessarily" copied from a form used by Pullman, Inc. (to which form he had the opportunity of access). Pullman's form, written after petitioners had sent Pullman a copy of their copyrighted pamphlet, resulted in a suit by petitioners against Pullman for copyright infringement which was settled by a substantial payment to petitioners. Respondent's form of affidavit was identical to Pullman's, including grammatical errors. In addition to claiming direct infringement of petitioners' forms, petitioners claimed that respondent's affidavit infringed the Pullman affidavit which had been copied from petitioners', thus constituting indirect infringement of petitioners' copyrighted affidavit. The District Court held against petitioners on a question of burden of proof. The Court of Appeals discussed the situation but concluded that it was unnecessary to decide the burden of proof question on indirect infringement in view of the fact that under the "stiff" standard for proof of infringement which the court concluded should apply, the Pullman affidavit was sufficiently different from Beardsley's to negate infringement.

spondent's anti-trust claim were dismissed. In addition, an injunction was granted enjoining petitioners from asserting that their plan or any of their forms were copyrighted and from distributing any of their forms purporting to be copyrighted.

The Court of Appeals held that the writings, including the forms, were copyrightable, but that the copyright on the forms contained in the six page 1939 pamphlet "The Replacement Of Lost Securities By The Beardsley Plan" had been forfeited, and upheld the dismissal of petitioner's counterclaim for unfair competition. It modified the injunction for the reason that it should have extended no further than the forms in the 1939 pamphlet.

The reasons given for finding a forfeiture are as follows. The Court found that petitioner gave out an undetermined number of one hundred stencilled copies of forms substantially identical to those in the printed pamphlet published later in the same year with a 1939 copyright notice; it further found that these forms were privately handed out to a limited and selected class of customers; it concluded that because there was no proof that the petitioners imposed any restriction on the showing of these sample copies to third parties and because there was no proof of imposing any requirement of having the copies returned, that the content of the forms had been dedicated to the public so that no copyright attached to them when printed with copyright notice in the printed pamphlet.

Reasons for Granting the Writ

The decision of the Court below conflicts in principle with applicable decisions of this Court and conflicts with decisions of the United States Court of Appeals for other circuits.

I.

Double Standard of Infringement

This petition brings to this Court for the first time a decision which declares that insurance forms are copyrightable, a holding in which petitioners are in accord. However, the Court of Appeals holds that proof of infringement of forms and documents in the "fields of insurance and commerce" is to be controlled by a stiffer standard than works in general.

This Court has consistently held that copyright protection is given "to the expression of the idea—not the idea itself". *Mazer* v. *Stein*, 347 U. S. 201, 217 (1954); *Holmes* v. *Hurst*, 174 U. S. 82, 86 (1899); *White Smith Music Pub. Co.* v. *Apollo*, 209 U. S. 1, 17 (1908). The Court below departs from such well established law by concluding that "If it be an insurance or commercial form or document, both the idea and its particular expression should be denied protection unless the unauthorized reproduction is a substantially exact duplication of the entire original."

This Court has never decided that there should be multiple standards.

The decision of the Court below conflicts in principle with *Mazer* v. *Stein*, *supra*, because it denies adequate "protection * * * to the expression of the idea(s)" of authors and in effect reads "a limitation into the copyright law", and denies "enforceable rights to authors" of insurance and commercial forms, except under such "burdensome requirements". Its opinion quotes from *Crume* v. *Pacific Mut. Life Ins. Co.*, 7 Cir. 140 F. 2d 182, 184, cert. den. 322 U. S. 755, whose dicta it adopted:

> "We realize that such a view * * * comes near to invalidating the copyright."

This Court has recognized that not all of a copyrighted work must be taken to constitute an infringement. It is sufficient to constitute an infringement if the copy "comes so near to the original as to give every person seeing it the idea created by the original." *White-Smith Music Pub. Co.* v. *Apollo Co.* (*supra*). In the case of a partial taking, the infringer may seek an apportionment of the profits. *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U. S. 390 (1940); *Belford, Clarke & Co.* v. *Scribner*, 144 U. S. 488 (1892); *Callaghan* v. *Myers*, 128 U. S. 617 (1888).

This decision of the Court of Appeals is in conflict with the decision of the Court of Appeals for the Ninth Circuit in *Cash Dividend Check Corporation* v. *Davis*, 247 F. 2d 458 (1957), involving an ordinary check integrated with a trading stamp plan. In sustaining the copyright, the Court discussed some of the ordinary tests of infringement. It did not set up any special stiff standard although the copyrighted work was a commercial form.

This decision is in conflict with the Sixth Circuit where, in *Gordon* v. *Weir*, E. D. Mich. S. D. (1953), 111 F. Supp. 117, aff'd per curiam (1954), 216 F. 2d 508, a copyright of a commercial form, consisting of a dot counting advertising contest, was held infringed under the general test of infringement.

This decision is in conflict with the Eighth Circuit where, in *Ansehl* v. *Puritan Pharmaceutical Co.* (1932), 61 F. 2d 131, cert. den. 287 U. S. 666, a copyright of commercial advertising copy was held infringed although much of it was not copied, the Court stating: "It is not necessary that the whole composition be rifled" (p. 137).

The decision is in apparent conflict with the Third Circuit where, in *Brightley* v. *Littleton*, 37 Fed. 103, C.C.E.D. Pa. (1888), copyrights of legal forms were sustained and held infringed, no stiff standard of infringement being pronounced.

The decision below in effect reads a limitation into the Copyright Act. Congress has seen fit to provide in Section 1 thereof that "any" copyright owner "shall have the exclusive right to print • • • the copyrighted work"; by Section 3, Congress has stated that "the copyright shall protect all • • • parts of the work copyrighted"; by Section 4, it has provided that the copyright "includes all the writings of an author" and by Section 7 it has provided that copyrights of arrangements, translations, etc., are to be accorded the same rights as wholly new works. Congress by Section 101 has provided that "if any person shall infringe the copyright in any work," he "shall be liable to an injunction" and "damages" and "the profits • • • made from such infringement."

It is significant that in addition to extending these identical remedies to the proprietors of all works, Congress in providing for statutory damages has seen fit to establish varying sums for numerous stated types of infringement of various classes of works and a $250 minimum in any event. The fact that Congress established these but no other differences or remedies is a firm indication that Congress intended that these remedies should be available to all authors whenever their works have been misappropriated. The Court of Appeals' "stiff" standard of infringement, in practical effect takes away the enforceable rights that the copyright law grants uniformly to all authors and discriminates against authors of insurance or commercial forms by its ruling that not only the idea but also the language expressing it in an insurance or commercial form should be denied protection unless the reproduction is a substantially exact duplication of the entire original form.

In so denying a practical remedy to authors of a certain type of book, whose copyright Congress has not seen fit to limit, the Court below has not only restricted the rights of authors of existing books of such type but, by destroy-

ing the profit incentive for creative effort in such fields, has adversely affected the rights of the general public to enjoy the benefits of books of such type which, at some future time, might otherwise be written. The benefit to the public was the paramount reason for the Constitutional Enactment and for the Copyright Statute enacted pursuant to it. *Mazer* v. *Stein, supra,* page 471.

II.

Indirect Infringement

An added reason for the granting of this writ is the uncertainty which arises by the Court's failure to rule on the question of indirect infringement referred to in the footnote of page 8. The Court of Appeals held that it was unnecessary to decide this question because under its "stiff" standard of infringement neither the Pullman form nor respondent's identical form were sufficiently like the petitioner's to infringe the copyright. The District Court held that "there was no proof that the purported first infringer did in fact infringe." The burden of proof, where indirect copying is involved, is upon the alleged infringer to show that the work from which he copied had not been copied from the earlier copyrighted work. Amdur, *Copyright Law & Practice*, pages 688-692; *Stevenson, et al.* v. *Fox, et al.*, 226 Fed. 990, 991, S.D.N.Y. (1915).

This question applies to all classes of copyrights and is constantly arising. It is a question of importance, for if an infringer can escape liability by the expedient of copying from a copy, substantial investments in innumerable copyrighted works may be rendered valueless. This Court has never considered this problem. We respectfully submit that this is a question of importance which should be considered by this Court, along with question Number I as to double standard of infringement.

III.

Limited Publication

The Court of Appeals found that although distribution of sample copies was made by petitioner to a "limited group", this was "natural" "since the pamphlet was of limited interest", and held that because there was no proof that petitioner had imposed any requirement of having the copies returned or had imposed any restriction on the showing of these samples to third parties, in "legal contemplation it was a general publication which forfeited Beardsley's right to a copyright".

This determination is in conflict with the rule of this Court in *American Tobacco Co.* v. *Werckmeister*, 207 U. S. 284 (1907), at 299-300, that before there can be a general publication "there must be such a dissemination of the work of art itself among the public, as to justify the belief that it took place with the intention of rendering such work common property."

By imposing a requirement of proof of restriction of any showing of the author's works to third parties as well as proof of a requirement of having the work returned, the Court of Appeals has added an onerous burden to all classes of copyrights and authors.

During the fifty years that have elapsed since this Court's decision in the *Werckmeister* case, new and enlarged markets for the use of copyrighted works have developed—motion pictures, phonograph records, tape-recordings, television and radio. No longer confined to dealing with the comparatively few concerns engaged in the business of the printing of copies and in stage production, the author often resorts to supplying stenciled

copies of samples of his work to prospective buyers.*** He does not demand that the copies be returned nor does he restrict the recipients from showing them to third parties. Indeed, were he to do so, the recipients would most likely decline to consider his work. There is no logical reason why a failure to make such demand or requirement should forfeit the common law rights in the work for the absence thereof in no way indicates "the intention of rendering such work common property". Under the decision of the Court below the author would forfeit his right to obtain copyright. Under the *Werckmeister* decision he would not lose his rights as his distribution of copies to prospective customers would not justify the belief that the author intended thereby to render his work common property. The question here presented is one of importance to all authors today.

Unless the Court's ruling is reviewed by this Court, the conflicts of rulings in the various circuits on the subject of limited publication will be bound to increase. Authors who submit their works for publication may, for lack of an authoritative ruling by this Court, find that their works

*** In 1954 in the phonograph record field there were approximately one thousand different record labels accounting for approximately twenty two thousand masters from which approximately two hundred million phonograph records were sold in the United States; in the music publishing field there were several hundreds of publishers who were interested in acquiring works only if some of these one thousand companies would release them on records; approximately four thousand commercial radio broadcasting and television stations were in operation and conservatively a hundred or more independent companies were producing programs for broadcasting and motion pictures; the Song Writers' Protective Association had over two thousand members (see General Revision of the Copyright Law, Study No. 1, published in 1957, by the Copyright Office, and footnote 71 thereof of conflicting views and decisions on the question of whether sales of phonograph records forfeit the common law rights in the work embodied therein).

are being copied without permission. This decision has clouded the rights of all authors who, by necessity, must submit their works for acceptance or as samples of their capabilities when applying for a position as a writer on staff or on special assignment.

Until this decision, an author was free to submit multiple copies of his book manuscript to prospective publishers without first copyrighting it. Indeed, the Copyright Office will not accept registration of an unpublished book, whether it be a novel or a book such as petitioners'. The author is thus in the dilemma of being unable to protect his work while in the course of marketing it, unless he resorts to the fiction of making a token offering for sale of a copy with copyright notice affixed so as to obtain a statutory copyright, or, in the alternative, unless he is able to prove that he imposed two conditions on the prospective customer: (1) that the copy could not be shown to third parties, and (2) that the copy must be returned to him.

This Court has reviewed no cases involving the question of limited publication since the decision in *American Tobacco Co.* v. *Werckmeister* (*supra*) other than *Ferris* v. *Frohman*, 223 U. S. 423 (1912), involving the performance of a play, and the rule of law there enunciated remains fixed in the law of copyright. (*Caliga* v. *Inter Ocean Newspaper Co.*, 215 U. S. 182, 188 (1909); *Stanley* v. *Columbia Broadcasting System, Inc.*, 221 P. 2d 73 (1950); *Fred Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433, 443 (1937); *Waring* v. *Dunlea* (D.C. E.D.N. Car. 1939), 26 F. Supp. 338; *Ettore* v. *Philco Television Broadcasting Corp.* (C. A. 3, 1956), 229 F. 2d 481; cert. den. 351 U. S. 926; *Uproar Co.* v. *National Broadcasting Co.* (D. Mass., 1934), 8 F. Supp. 358, affd. as modified 81 F. 2d 373 (C. A. 1, 1936); *Tompkins* v. *Halleck*, 133 Mass. 32 (1882); *Berry* v. *Hoffman*, 125 Pa. Superior Ct. Rep. 261, 267 (1937).)

The decision of the Court of Appeals in the instant case conflicts in principle with the foregoing authorities.

IV.

Unfair Competition

There is no dispute that petitioners were in this particular field of "lost securities" insurance long before respondent and that coverage under the unique forms and writings composed by petitioners were known in the trade in the east, middle west, as well as in the south and southwest, by the colloquial name "Beardsley Plan" (127a-129a, 138a, 148a, 155a, 192a, 193a, 249a-253a, 263a, 264a, 584a, 635a, 706a).

Nevertheless, respondent's agent, who composed the very "similar" documents after having had access to petitioner's forms, submitted the blanket bonds, affidavits and assumption certificates to Chicago banks and represented them as "his own plan", a "new plan", a "plan developed by that (his) Company".

The respondent obtained the acceptance of "its" plan by the Chicago banks through its interlocking directorates and cash balances maintained with these banks and shut out petitioner from the Chicago market.

The determination of the Court of Appeals that these facts create no right of action for unfair competition in the absence of proof of "palming off" or that respondent "was being helped by" petitioner's "business reputation" is in conflict with this Court's decision in *International News Service* v. *Associated Press*, 248 U. S. 215 (1918) and with the decisions in *Produce Reporter Company* v. *Fruit Produce Rating Co.*, 1 F. 2d 58, 62 (D.C.N.D. Ill., 1924), *Associated Press* v. *KVOS, Inc.*, 80 F. 2d 575 (C. A. 9, 1936), reversed on jurisdictional grounds, 299 U. S. 269 and *Ettore* v. *Philco Television Broadcasting Corp.* (C. A. 3, 1956), *supra*.

This Court has never passed upon the question as to whether Federal or State Law applies to an unfair com-

petition count joined with a copyright count pursuant to 28 U.S.C. 1338 pertaining to the same subject matter.

The questions here presented apply to all classes of works and are of great public importance.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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Appendix A

Opinion of the United States Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 174—October Term, 1957.

(Argued February 13, 1958 Decided March 24, 1958.)

Docket No. 24752

CONTINENTAL CASUALTY COMPANY,

Plaintiff-Appellee-Appellant,

—v.—

HULBERT T. E. BEARDSLEY and H. T. E. BEARDSLEY, INC.,

Defendants-Appellants-Appellees.

Before

HINCKS and LUMBARD, *Circuit Judges,* and
DIMOCK, *District Judge.*

Cross appeals from a judgment of the United States District Court for the Southern District of New York, Edmund L. Palmieri, *Judge,* on an opinion reported at 151 F. Supp. 28. Affirmed as modified.

LESLIE D. TAGGART, of Watson, Leavenworth, Kelton & Taggart, New York, N. Y. (Watson, Leavenworth, Kelton & Taggart, New York, N. Y., John Rex Allen, Chicago, Ill., Paul L. Latham, Chicago, Ill., and Robert C. Nicander, New York, N. Y., on the brief), *for plaintiff-appellee-appellant.*

Appendix A.

BENJAMIN BUSCH, New York, N. Y. (Sprague & Peck, Otto C. Sommerich, and Stuart Sprague, New York, N. Y., on the brief), *for defendants-appellants-appellees.*

HINCKS, *Circuit Judge:*

These are cross-appeals arising out of a suit brought by Continental Casualty Company (Continental) which sought a declaratory judgment that defendants' copyrights were invalid together with an injunction, an accounting, and counsel fees. Continental also demanded damages for unfair competition and violation of the antitrust laws. The defendant, Beardsley,* counterclaimed alleging infringement by Continental of his valid copyrights and that Continental was liable for unfair competition. The District Court held that the material in question was not properly copyrightable; that, even if it were, the copyright had been lost; and, further, that there was no infringement. The District Court granted the declaratory relief sought by Continental and an injunction. It rejected the unfair competition claims of both parties and Continental's antitrust claim and its request for an accounting and counsel fees. Each party has appealed from every adverse ruling below. In addition, Beardsley contends that in any event the injunction is too broad.

Copyrightability

This controversy had its inception in the late 1930's. Defendant Beardsley was an insurance broker (also a member of the bar) who allegedly developed a blanket bond to

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* H. T. E. Beardsley, Inc. was named as a co-defendant. Its legal position does not differ from that of Hulbert T. E. Beardsley. The use of "defendant" or "Beardsley" is intended to refer to both.

cover replacement of lost securities which would operate *in futuro*. In September 1939, he published his "plan" in a six-page pamphlet. The entire pamphlet carried a copyright notice and Continental admits that the introductory three pages of narrative are validly copyrighted. As to these three pages, however, there is no claim of infringement. Continental contended below, and the court agreed, that the remaining three pages of forms to carry out the "plan" were not copyrightable. The forms included a proposed bond, an affidavit of loss and indemnity agreement, and drafts of an instruction letter and board resolutions. Beardsley had also devised various insurance instruments, some but not all of which he had copyrighted.

We find nothing which, as a matter of law, prevents the copyrighting of forms and insurance instruments such as those now before us. Article I Section 8, Cl. 8 of the United States Constitution grants Congress power to "promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Congress in 17 U. S. C. A. § 4 has provided that "The works for which copyright may be secured under this title shall include all the works of an author."* See also *Brightley v. Littleton*, E. D. Pa., 37 Fed. 103.

Notwithstanding this general authority in support of the copyrightability of forms, Continental relies upon *Baker v. Selden*, 101 U. S. 99. In that case Selden had written a book explaining a simplified system of bookkeeping. This system used the so-called "T accounts," familiar to any student of accounting or bookkeeping, which had the usual headings. The court held that though the explanation

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* Continental argued below that Beardsley's "authorship" of the Beardsley Plan pamphlet was not sufficient to entitle him to a copyright. Judge Palmieri found it unnecessary to resolve this conflict. We reach the same conclusion for reasons which will appear shortly.

of the system was copyrightable, the system itself—as evidenced by the account forms—was not copyrightable. A distinction was drawn between "explanation" and "use," the court stating that material relating to "use" could be protected, if at all, only by patent. *Mazer* v. *Stein*, 347 U. S. 201, does not weaken *Selden* in any way. *Mazer* was concerned with electric lamp bases which had been copyrighted as works of art. The court held that the fact that these bases were also put to practical use did not destroy their copyrightability.

In *Baker* v. *Selden, supra*, the subject-matter was such that the explanation of the system could be treated as separable from account books prepared and arranged for the practice of the system. But not so here. For inseparably included in Beardsley's bonds and affidavits, which constitute the means for the practice of his Plan, is language explanatory of the Plan. Consequently, the holding of *Baker* v. *Selden* is not applicable here. See also *Taylor Instrument Companies* v. *Fawley-Brost Co.*, 7 Cir., 139 F. 2d 98, cert. den. 321 U. S. 785, chart for recording temperatures; *Aldrich* v. *Remington-Rand*, 52 F. Supp. 732 (N. D. Texas), sheets for keeping tax records; *Page* v. *Wisden*, 20 L. T. R. (n. s.) 435, cricket scoring sheet. And since the Constitution and Copyright Act read directly upon all the forms here involved, we hold them to be copyrightable.

This resolution of the question of copyrightability raises several very serious questions as to the scope of the protection granted which we now come to consider.

Infringement

We agree completely with the conclusion of the trial court that Beardsley did not succeed in proving infringement. This he attempted by an indirect method. He offered forms which had been used by the Pullman Company con-

tending that these Pullman forms infringed his forms. He then asserted that Continental had infringed Pullman and, indirectly therefore, Beardsley.

After proving some similarity between the Continental and Pullman forms, Beardsley went no further. He asserted that the burden then shifted to Continental to show that Pullman did *not* infringe Beardsley. For this proposition Amdur, Copyright Law & Practice, 688-692 and cases there cited are relied upon. Whether this be sound law it is not necessary for us now to decide. For irrespective of the burden of proof or of going forward, the proofs here showed that as to the affidavit of loss, although the Continental and Pullman forms are very similar, the Beardsley form is sufficiently different from both to negate infringement. And as to the other documents none are close enough to the Beardsley forms to require the reversal of the trial court's holding of non-infringement.

There have been several cases dealing with the copyrighting of insurance and similar forms. Significantly, they uniformly are decided by holdings of non-infringement and leave undecided the copyrightability point.* These cases have set a stiff standard for proof of infringement.

In *Dorsey* v. *Old Surety Life Ins. Co.*, 10 Cir., 98 F. 2d 872, the court found non-infringement, declaring, "To constitute infringement in such cases a showing of appropriation in the exact form or substantially so of the copyrighted material should be required."

In *Crume* v. *Pacific Mut. Life Ins. Co.*, 7 Cir., 140 F. 2d 182, cert. den. 322 U. S. 755, the court found non-infringement of plaintiff's pamphlet describing a method for reorganizing insurance companies. As in all of these cases,

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* We have had to decide the copyright question here because one portion of the judgment appealed from enjoined Beardsley from claiming a copyright on any of his forms.

the court was keenly aware that to prohibit similarity of language would have the effect of giving the copyright owner a monopoly on his idea—which the cases uniformly deny to copyright owners. Thus, the court stated, at pp. 184-185:

> "• • • In the instant situation there is no room for the skill of the mechanic or artisan in utilizing the plan or the method disclosed. Its use, to which the public is entitled, can be effected solely by the employment of words descriptive thereof. In our view, where the use can be effected only in such manner, there can be no infringement even though the plan or method be copied. We realize that such a view leaves little, if any, protection to the copyright owners; in fact, it comes near to invalidating the copyright. This situation, however, results from the fact that the practical use of the art explained by the copyright and lodged in the public domain can be attained solely by the employment of language which gives expression to that which is disclosed."

Further,

> "We also observe that such comparison [of the documents] adds strength to the view heretofore expressed that defendant's rightful use of the art disclosed could only be accomplished by the employment of words which describe plaintiff's method. To hold that an idea, plan, method or art described in a copyright is open to the public but that it can be used only by the employment of different words and phrases which mean the same thing, borders on the preposterous. It is to exalt the accomplishment of a result by indirect means which could not be done directly. It places a premium upon evasion and makes this the test of infringement. Not-

withstanding some authorities which support a theory permitting such a result, we think it is wrong and disapprove it."

Most recently, in *Miner* v. *Employers Mutual Liability Co. of Wisconsin*, D. C. Cir., 229 F. 2d 35, the court approved the District Court holding that "[t]here is no similarity in the arrangement of words of plaintiff's policies and the arrangement of words in defendant's policy and that defendant has not appropriated in the exact form or substantially so plaintiff's copyright material."

These cases indicate that in the fields of insurance and commerce the use of specific language in forms and documents may be so essential to accomplish a desired result and so integrated with the use of a legal or commercial conception that the proper standard of infringement is one which will protect as far as possible the copyrighted language and yet allow free use of the thought beneath the language. The evidence here shows that Continental in so far as it has used the language of Beardsley's forms has done so only as incidental to its use of the underlying idea. *Chautauqua School of Nursing* v. *National School of Nursing*, 2 Cir., 238 Fed. 151. In so doing it has not infringed.

Publication

Judge Palmieri held, alternatively, that Beardsley had forfeited his copyright to the forms in his pamphlet by a publication in January, 1939, without any copyright notice. As Judge L. Hand stated in *National Comics Publications* v. *Fawcett Publications*, 2 Cir., 191 F. 2d 594,* opinion clarified 198 F. 2d 927, it "has been unquestioned law since

* In this opinion, at page 598, Judge Hand shows that the loss by publication of a common law copyright may more accurately be designated as a forfeiture than an abandonment.

1774" (*Donaldson* v. *Becket*, 4 Burrows 2408) "that the publication of a copyrightable 'work' puts that 'work' into the public domain except so far as it may be protected by copyright." 191 F. 2d at 598. Beardsley contends that the January, 1939, publication was one so limited as not to terminate his common law protection as preserved and codified in 17 U. S. C. A. § 2.*

The facts developed below indicate that in January, 1939, Beardsley had a supply of 100 sets of the forms which later were included in his copyrighted pamphlets. An unspecified portion of these were distributed to prospective customers, such as corporate officers and surety companies, for their consideration. Judge Palmieri found that this distribution was one made to a "limited group" as was "natural" since the pamphlet was of limited interest. He also found that Beardsley had not proved his claim that the distribution had been made on condition that it "could not be shown to others and had to be returned." He further found that any interested party could obtain a copy and that Beardsley desired to stimulate an interest in his plan. There was no charge for the forms or plan. If adopted, Beardsley wrote in the pamphlet, he would "naturally expect to be permitted to arrange the bond." In early 1939 three companies adopted the plan and began to use the forms. On September 30, 1939, 500 pamphlets were printed and for the first time a copyright notice was affixed. In 1945 the copyright was registered, with September 30, 1939 listed as date of publication.

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* Title 17, U. S. C. A. § 2.

"§ 2. *Rights of author or proprietor of unpublished work*

"Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor."

Appendix A.

What are the legal criteria to be applied to these facts? One of the best and most concise distinctions between general and limited publication is found in *White* v. *Kimmell*, 9 Cir., 193 F. 2d 744, cert. den. 343 U. S. 957, where it is said that a "publication which communicates the contents of a manuscript to a definitely selected group and for a limited purpose, and without the right of diffusion, reproduction, distribution or sale, is considered a 'limited publication,' which does not result in loss of the author's common-law right to his manuscript; but that * * * circulation must be restricted both as to persons and purpose, or it can not be called a private or limited publication." 193 F. 2d at 746-747.

In *American Tobacco Co.* v. *Werckmeister*, 207 U. S. 284, the Supreme Court stated that as a prerequisite of (general) publication "there must be such a dissemination of the work of art itself among the public, as to justify the belief that it took place with the intention of rendering such work common property." 207 U. S. at 299-300. See also *Keene* v. *Wheatley*, 14 Fed. Cas. 180, 191, No. 7644, and *Werckmeister* v. *American Lithographic Co.*, 2 Cir., 134 Fed. 321, and the other cases cited in *White* v. *Kimmell*, 94 F. Supp. at 504-506, the opinion in which on the appeal, *supra*, was stated to comprise a "concededly accurate survey of the precedents relating to limited publication."

Beardsley's reliance upon *American Visuals Corp.* v. *Holland*, 2 Cir., 239 F. 2d 740, and *Hirshon* v. *United Artists Corp.*, D. C. Cir., 243 F. 2d 640, is misplaced. The significance of those cases lies in the recognition that "publication" may more readily be found if the issue is whether the copyright statute has been complied with than if forfeiture of common law rights is involved. Cases decided under the statutory requirement of publication are not

reliable precedents on which to decide whether a common law forfeiture has occurred. That teaching we have followed here.

In the light of those of Judge Palmieri's findings restated above, which are not attacked on appeal, we reach the same conclusion as he reached: the distribution was not limited by Beardsley as to persons or as to purpose. The only limitation was that attributable to a lack of general interest in the highly specialized subject-matter of the plan. Beardsley wanted to reap the business which might be expected from the use of the plan and this first publication was made to further that objective. In legal contemplation it was a general publication which forfeited Beardsley's right to a copyright.

Miscellaneous

Judge Palmieri was right in dismissing Beardsley's counterclaim for unfair competition. He found that Continental "has taken great pains to avoid any possible suggestion that its plan had anything to do with Mr. Beardsley's plan." Indeed, Beardsley does not rely on "palming off" or confusion among customers. Instead, he bases his claim on recent trends in New York law. See, e.g., *Henry Glass & Co. v. Art-Mor Togs Inc.*, 101 N.Y.S. 2d 538, and cases cited therein. As to this we have little to add to the thorough and scholarly opinion of Judge Palmieri. After publication Beardsley's sole protection derived from the copyright statutes in the absence of which complete copying would have been permissible if not followed by "palming off." This rule is well stated in *Miller v. Goody*, S. D. N. Y., 139 F. Supp. 176, 187, on a point which we affirmed although reversing the disposition on other grounds. 248 F. 2d 260, 267-268, cert. den. —— U. S. —— (March 3, 1958).

If state law has any relevance in this area* it is not necessary to decide whether the controlling law is that of Illinois or of New York. In Illinois, "palming off" or "public confusion" is required. *Lady Esther, Ltd.* v. *Lady Esther Corset Shoppe, Inc.*, 317 Ill. App. 451, 46 N. E. 2d 165. See also, *Independent Nail & Packing Co.* v. *Stronghold Screw Products Inc.*, 7 Cir., 205 F. 2d 921, 926, cert. denied 346 U. S. 886. The absence of these elements here required dismissal of the claim. If New York law controls, Judge Palmieri's well-founded finding that "there is not a shred of evidence indicative of a belief that Continental was being helped by Mr. Beardsley's business reputation" together with an absence of "palming off" would preclude recovery. See cases cited in opinion below, 151 F. Supp. at page 44, fn. 67.

Judge Palmieri—rightly, we hold—also dismissed Continental's claims for unfair competition and antitrust violation for lack of proof. It is true that the record amply demonstrates Beardsley's efforts, substantially successful at least in the New York field, to use his copyright to acquire a monopoly of the business arising from these forms. The main lever was the threat of infringement proceedings. Nevertheless, as our opinion indicates, Beardsley's claim as to copyrightability was valid and his claims as to infringements were not deceitfully and unreasonably made. We find he has done nothing actionable. It follows that an accounting was properly denied.

We also think that Judge Palmieri was well within his discretion in not awarding attorneys' fees to Continental. 17 U.S.C.A. § 116.

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* See *Huber Baking Co.* v. *Strochmann Bros. Baking Co., et al.*, 2 Cir., —— F. 2d ——, fn. 4 (decided February 24, 1958).

Appendix A.

Conclusion

Judge Palmieri, on the ground of non-copyrightability of all forms; granted an injunction which forbade Beardsley from asserting the claim that any of his forms were copyrighted. Judge Palmieri further supported this injunction as to the forms appearing in the Beardsley pamphlet by a finding that the copyright as to those forms had been forfeited.

Our disposition of this case requires that the injunction be modified. Since we affirm Judge Palmieri's determination of forfeiture of copyright on the forms in the Beardsley pamphlet, the injunction as to those forms was proper. But since we held that in general insurance forms are copyrightable, the injunction should be modified so as to extend no further than to the forms included in the forfeiture as determined by Judge Palmieri. Although Continental contends that certain other forms (waiver of probate bond and mail loss bond form) were drawn into issue in this case by Beardsley and that as to these forms also copyrights have been forfeited, the factual issues concerning these other forms were not determined by Judge Palmieri. Nor did Continental move below for additional findings to cover these issues. Consequently, these other forms are not properly includible in the injunction.

Modified and affirmed.

Appendix B

Judgment of the United States Court of Appeals

UNITED STATES COURT OF APPEALS,

FOR THE SECOND CIRCUIT.

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the 24th day of March one thousand nine hundred and fifty-eight.

Present: HON. CARROLL C. HINCKS,
HON. J. EDWARD LUMBARD,
Circuit Judges.
HON. EDWARD J. DIMMOCK,
District Judge.

CONTINENTAL CASUALTY COMPANY,
Plaintiff-Appellant,

HULBERT T. E. BEARDSLEY and H. T. E. BEARDSLEY, INC.,
Defendants-Appellants.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is modified and, as modified, said judgment be and it hereby is affirmed in accordance with the opinion of the Court.

A. DANIEL FUSARO,
Clerk.